

**KITSAP RURAL LIBRARY DISTRICT  
DBA KITSAP REGIONAL LIBRARY  
Kitsap County, Washington  
January 1, 1991 Through December 31, 1992**

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**Schedule Of Findings**

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1. Cash Receipting Internal Controls Need Improvement

The Kitsap Rural Library District's cash receipting system has the following internal control weaknesses:

Central Library:

- a. Copies of daily cash transmittals from the branch libraries are not routinely returned to the branches to confirm receipt.
- b. The central library does not have source documentation for all cash collected from the microfilm copy service because some of the copy machines do not have counters.
- c. Employees were substituting personal checks for cash from the daily deposits.

Branch Libraries:

- a. Cash transmittals are not reconciled by the branches to verify money sent was actually receipted and deposited intact by the central library.
- b. Fines, payments for duplicate library cards, and miscellaneous moneys aren't always immediately receipted but are allowed to accumulate in plastic bags for some time until transmitted to the central library.
- c. Recording the cash and check components of payments for lost books is routinely omitted from the receipts.
- d. The branch libraries used Rediform or Mead receipts. These receipts can be purchased at any general office supply store and the numbering system on these receipts can be easily duplicated and substituted for the actual receipts.
- e. The branches did not retain copies of all cash transmittals sent to the central library.

RCW 43.09.200 states in part:

The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all

receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction . . . .

Adequate internal accounting controls over cash receipting are necessary for the proper accounting of all cash receipts and for the prevention of losses or misappropriations occurring and not being discovered by district management in a timely manner.

The lack of cash registers, limited staffing, and occasional long lines of customers at the library circulation desks, contributed to the above conditions.

We recommend:

- a. The district use cash registers at all library branches.
- b. Employees stop cashing personal checks from library cash receipts.
- c. The district stop using commercial receipts, such as Rediform or Mead, because these numbering systems can be duplicated.
- d. When written receipts are used, the library use only multicopy, prenumbered official library receipts and record the detail of check and cash components of each payment.
- e. Each branch library retain copies of the cash transmittals sent to the central library; and the central library return receipted copies of the transmittals for reconciliation by the branches.

2. The District Should Use An Accounts Receivable Control Account To Account For Library Fines

The Kitsap Rural Library District's new computer accounting system does not have a receivable control account. The library cannot provide an accurate total amount of unpaid fines for overdue material and there is no way to reconcile total fines assessed to amounts recorded as paid or forgiven.

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When a control account is not available to verify that payments reconcile with credited receivables, losses or misappropriations may occur and not be detected by management in a timely manner.

The district's new computer accounting software does not provide for an accounts receivable control account, and because of software differences, the conversion of the old computer system to the new caused duplications of data and inaccurate totals, which made the accounting for fines unauditable.

We recommend the district use an accounts receivable control account to adequately account for all fines.